

# The Gazette of India



EXTRAORDINARY  
PART II—Section 3  
PUBLISHED BY AUTHORITY

3.4.57

No. 168] NEW DELHI, SATURDAY, MARCH 30, 1957

## MINISTRY OF PRODUCTION

### NOTIFICATIONS

*New Delhi, the 30th March 1957*

**S.R.O. 1006.**—In exercise of the powers conferred by sub-sections (1) and (2) of section 26 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956), the Central Government hereby makes the following rules, namely:—

#### CHAPTER I

##### Preliminary

1. **Short title.**—These rules may be called the Khadi and Village Industries Commission Rules, 1957.

2. **Definitions.**—In these rules, unless the context otherwise requires,—

- (a) "Act" means the Khadi and Village Industries Commission Act, 1956 (61 of 1956);
- (b) "the Board" means the Board constituted under section 10 of the Act;
- (c) "Chairman" means the Chairman of the Commission;
- (d) "Financial Adviser" means the Financial Adviser appointed under section 6 of the Act;
- (e) "Government" means the Central Government.

#### CHAPTER II

3. **Term of Office.**—Save as hereinafter provided, a member of the Commission shall hold office for three years from the date of notification of his appointment in the official Gazette and shall be eligible for re-appointment.

4. **Disqualifications for membership of the Commission.**—A person shall be disqualified for being appointed as, and for being, a member of the Commission—

- (a) if he is found to be a lunatic or a person of unsound mind; or
- (b) if he has been adjudged insolvent; or
- (c) if he has been convicted of an offence involving moral turpitude; or
- (d) if he has directly or indirectly any interest in any subsisting contract made with or in any work being done for the Commission except as a shareholder (other than a Director or Managing Agent) in a company as defined in section 3 of the Companies Act, 1956, provided that where he is a shareholder, he will disclose to the Government, the nature and extent of shares held by him in such a company; or
- (e) if he has any financial interest in any business undertaking dealing with Khadi or any other village industry specified or deemed to be specified in the Schedule to the Act.

**5. Removal from the Commission.**—The Government may, by notification in the Official Gazette, remove from office any member of the Commission who—

- (a) is or becomes subject to any of the disqualifications mentioned in rule 4; or
- (b) in the opinion of the Government has failed or is unable to carry out his duties, so as to render his removal necessary; or
- (c) absents himself from three consecutive meetings of the Commission without leave of the Commission:

Provided that before issuing any such notification the Government shall give an opportunity to the member concerned to show cause against such removal.

**6. Casual Vacancies.**—(1) When a member dies or resigns or is removed from office, the Government may, by notification in the Official Gazette, appoint a person to fill the vacancy.

(2) A member appointed to fill a casual vacancy shall hold office so long as the member whose place he fills would have been entitled to hold office if the vacancy had not occurred.

**7. Salary or Honorarium and Allowances payable to Members.**—(1) The Chairman and other members of the Commission shall be paid such salary or honorarium and allowances from the funds of the Commission as the Government may from time to time fix.

(2) The Chairman and other members of the Commission shall also be entitled to draw travelling and daily allowances for journeys performed for attending the meetings of the Commission or for the purpose of discharging such duties as may be assigned to them by the Commission, in accordance with the rules and orders issued by the Government from time to time at the highest rate admissible to Government servants of Grade I.

**8. Chief Executive Officer.**—The Commission shall appoint a Chief Executive Officer and shall prescribe his functions, duties and powers from time to time. He will be entitled to attend all meetings of the Commission and the Board but will not be entitled to vote.

**9. Office of the Commission.**—The office of the Commission shall be located at Bombay or such other place as the Government may from time to time direct.

### CHAPTER III

#### Powers of the Chairman, Secretary and Financial Adviser

**10. Powers of the Chairman.**—(1) The Chairman shall be responsible for the proper functioning of the Commission and the implementation of its decisions and discharge of its duties under the Act.

(2) Subject to such delegation as may be made under the Act or the rules made thereunder, the Chairman shall—

- (a) cause all important papers and matters to be presented to the Commission as early as practicable;
- (b) issue directions as to the method of carrying out the decisions of the Commission;
- (c) maintain or cause to be maintained an account of the receipt and expenditure of the Commission; and
- (d) present a draft annual report of the working of the Commission to the Commission for approval and submit the report as approved by the Commission to the Government. The report approved by the Commission should also be circulated to the members of the Board for their information.

(3) The Chairman shall exercise administrative control over all Departments and Officers of the Commission.

(4) The Chairman may sanction expenditure on contingencies, supplies and services and purchase of articles required for the working of the office of the Commission and for the execution of measures in furtherance of the objects of the Act, subject to necessary provisions in the budget.

**11. Powers of the Secretary of the Commission.**—(1) The Secretary shall work under the general control of the Chairman who may delegate to him any or all of the following powers and duties:—

- (i) convening of meetings of the Commission under the directions of the Chairman;
- (ii) drawing up agenda for each meeting under the Chairman's directions and supplying the same to each member of the Commission along with the notice of the meeting;
- (iii) maintenance of the minutes of the meeting of the Commission;
- (iv) furnishing to the Government all reports including annual reports and returns and necessary documents required under the Act or the rules;
- (v) preparation of the annual budget of the Commission in consultation with the Financial Adviser.

(2) The Secretary shall keep a record of the names of the members of the Commission and their addresses. If a member changes his address, he shall notify his new address to the Secretary who shall thereupon enter his new address in the record. But if the member fails to notify his new address, the address on the official record shall for all purposes be deemed to be the member's address.

**12. Powers of the Financial Adviser.**—(1) The Financial Adviser shall advise the Commission on all matters relating to receipts and expenditure.

(2) The Financial Adviser shall have the right to attend every meeting of the Commission but shall not have the right to vote thereat. He shall also have the right to refer to the Commission any matter having financial implications which in his opinion ought to be brought to its notice.

(3) The Financial Adviser shall scrutinize and supervise the preparation of the budget of the Commission, the compilation of the annual and other financial statements and the manner in which the accounts of the Commission are maintained and made available to audit.

(4) The Financial Adviser shall have the right to record his views on every proposal involving expenditure from the funds of the Commission prior to the consideration and approval of such proposal by the Commission.

(5) The Financial Adviser shall have authority to advise the Commission that a particular decision affecting the general financial policy of the Government should be referred to the Government for consideration.

## CHAPTER IV

### The Board and its Constitution

**13. (1)** The Board shall consist of a Chairman, a Secretary and such number of members as the Government may nominate from time to time.

(2) The Chairman, Secretary and members of the Commission shall also be the Chairman, Secretary and members of the Board.

**14. Term of Office.**—(1) Save as hereinafter provided, a member of the Board other than a member of the Commission shall hold office for three years from the date of notification of his appointment in the Official Gazette and shall be eligible for re-appointment.

(2) The Government may remove from office any such member of the Board—

- (a) if he is found to be a lunatic or a person of unsound mind; or
- (b) if he has been adjudged insolvent; or
- (c) if he has been convicted of an offence involving moral turpitude; or
- (d) if, in the opinion of the Central Government, he has failed or is unable to carry out his duties, so as to render his removal necessary; or
- (e) if he absents himself from three consecutive meetings of the Board without leave of the Board.

**15. Casual Vacancies.**—(1) When any such member of the Board dies or resigns or is removed from office, the Government may by notification in the Official Gazette, appoint a person to fill the vacancy.

(2) A member appointed under sub-rule (1) to fill a casual vacancy shall hold office so long as the member whose place he fills would have been entitled to hold office if the vacancy had not occurred.

**16. Membership roll.**—(1) The Secretary of the Board shall keep a record of the names of the members of the Board and their addresses.

(2) If a member of the Board changes his address, he shall notify his new address to the Secretary of the Board who shall thereupon enter his new address, but if he fails to notify his new address, the address in the official record shall for all purposes be deemed to be the member's address.

**17. Resignation.**—A member of the Board other than a member of the Commission may resign his office by a letter addressed to the Government through the Chairman of the Commission provided that the member who has tendered his resignation shall not vacate his office unless his resignation is accepted and notified in the Official Gazette.

**18. Salary or honorarium and allowances.**—(1) The members of the Board other than members of the Commission shall not draw any salary but shall be paid such honoraria or allowances from the funds of the Commission as the Government may from time to time fix.

(2) Such members of the Board shall be entitled to draw from the funds of the Commission, travelling and daily allowances for journeys performed by them for the purpose of attending the meetings of the Board or for the purpose of discharging any functions of the Board assigned to them by the Board or Commission from time to time, at the highest rate admissible to Government servants of Grade I.

## CHAPTER V

### Budget, Accounts and Audit

**19. Preparation and submission of annual budget estimates.**—(1) The budget estimates of the Commission for every financial year beginning on the 1st day of April and ending on the 31st day of March following shall be prepared by the Secretary or such officer as may be empowered by the Chairman in this behalf sufficiently in advance of the date fixed in sub-rule (4) and in accordance with sub-rule (6).

(2) A copy of the budget estimates so prepared shall be sent to each member of the Commission at least fourteen days before the meeting of the Commission at which such estimates are to be considered.

(3) The Commission shall consider and approve, in consultation with the Financial Adviser, the budget estimates with such changes as it thinks fit at the meeting to which the consideration of the budget estimates is fixed by a resolution of the Commission.

(4) The budget estimates as approved by the Commission shall be submitted to the Government normally by the 15th of October, but in no case later than the end of October of each year:

Provided that the Government may, on the request of the Commission, extend the date of submission of the budget estimates by such period not exceeding fifteen days as the Government may think fit.

(5) Subject to such orders as may be issued by the Government from time to time, no expenditure shall be incurred until the budget is sanctioned by the Government and expenditure authorised by a competent authority in the Commission.

(6) The budget shall, among other matters, include—

(i) the estimated opening balance;

(ii) the estimated receipts by way of funds to be released by the Government, recovery of interest, refund of loans and other miscellaneous receipts;

(iii) the proposed expenditure separately under "Khadi" (including Ambar Charkha Scheme) and "Village Industries" classified under the following heads or such other heads or sub-heads as the Government may direct:—

- (a) Administration.
- (b) Subsidies and grants.
- (c) Loans.
- (d) Trading accounts.
- (e) Accounts for the purchase of cotton and other materials for supply to production centres and for the purchase of materials for the manufacture of Ambar Charkhas.
- (f) Research.
- (g) Training.
- (h) Propaganda.
- (i) Exhibition.
- (j) Conferences, Seminars, etc.

(7) The expenditure under each head shall be further classified under the following sub-heads:—

- (i) Pay of officers.
- (ii) Pay of establishment.
- (iii) Allowances and honoraria, etc.
- (iv) Other charges—contingencies, etc.

(8) The expenditure under the head "Administration" shall be allocated between the "Khadi Fund" and the "Village Industries Fund" referred to in Section 18 (1) of the Act in proportion to the expenditure incurred from each fund at the end of the financial year, provided that the expenditure incurred on the central office of the Commission shall be allocated between the two funds at the end of each quarter. Pending such allocation, the total expenditure shall be debited to the "Village Industries Fund".

**20. Supplementary Estimates.**—If during any financial year, for any reason, substantial modification of the budget estimates as finally approved by Government is likely to be involved, the Commission shall submit for approval to the Government supplementary estimates in such form and on such dates as the Government by order from time to time direct.

**21. Accounts of the Commission.**—The accounts of the Commission shall be maintained in the forms in use by the All India Khadi and Village Industries Board immediately before the date of establishment of the Commission, subject to such additions and alterations in those forms as the Government may from time to time direct in consultation with the Comptroller and Auditor-General of India.

**22. Preparation of Accounts and their production before Audit.**—Within three months after the end of each financial year, the annual accounts showing the financial results of the Khadi Fund and the Village Industries Fund shall be prepared with such subsidiary accounts as may be necessary and in such forms as may be prescribed by the Government in consultation with the Comptroller and Auditor-General of India and placed before the Commission. These accounts authenticated by affixing the common seal and duly passed by the Commission shall be submitted to the Government and the audit officer appointed by the Comptroller and Auditor-General, normally by the end of August:

Provided that, on the request of the Commission, the Government may, in consultation with the Comptroller and Auditor-General, extend the date of submission of the accounts by such period as the Government may think fit.

**23. Impropriety and Irregularity in Accounts.**—(1) The Audit Officer shall furnish the Commission and the Government with a statement each, where necessary, in regard to any material impropriety or irregularity which the Audit Officer may observe in the expenditure or in the recovery of moneys due to, or in the accounts of the Commission.

(2) The Commission shall forthwith remedy any defect or irregularity that may be pointed out by the Audit Officer and shall report to the Government the action taken by it thereon within ninety days of the receipt of the report of the Audit Officer provided that if there is any difference of opinion between the Commission and the Audit Officer or if the Commission does not remedy any defect or irregularity within a reasonable period or render a satisfactory explanation in regard to the defect or irregularity, the Government may, and on reference specifically made therefor by the Audit Officer shall, in consultation with the Comptroller and Auditor-General, pass such orders thereon as it thinks fit and the Commission shall thereafter take action in accordance therewith within such time as may be specified by the Government.

**24. Publication of Annual Accounts.**—An abstract statement of annual receipts and expenditure shall be published in the Gazette of India.

**25. Placing the Commission in possession of funds.**—(1) After the budget relating to the Commission has been approved by the Government, and after due appropriation has been made by Parliament by law in this behalf, the Government will place the Commission in possession of funds for "Khadi" and "Village Industries" separately.

(2) The funds for "Khadi" will be provided from the "Funds for the development of Handloom and Khadi Industries" formed under the provisions of the Khadi and other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953, and the rules framed thereunder or by grants-in-aid or subsidies.

(3) The funds for "Village Industries" will be provided by grants-in-aid or subsidies.

## CHAPTER VI

### Miscellaneous

**26. Contracts.**—(1) The Commission may in connection with its trading activities enter into contracts provided that provision therefor exists in the sanctioned budget.

(2) The Commission may delegate to the Chairman such powers for entering into contracts on its behalf as it may think fit.

(3) Contracts shall not be binding on the Commission unless they are executed by the Chairman and the seal of the Commission is affixed thereto.

(4) The Chairman or the Secretary or any member of the Commission shall not be liable for any assurance or contract made by the Commission; and liability arising out of such assurance or contract shall be discharged from the moneys at the disposal of the Commission.

**27. Power to sanction grants and subsidies.**—(1) The Commission shall disburse grants and subsidies in accordance with and at rates and on terms sanctioned by the Government in respect of each industry from time to time. The Government may, on its own motion or on the recommendation of the Commission, modify or supersede the financial rates and terms previously sanctioned.

(2) The Commission may reduce the rates at which grants and subsidies are payable in individual cases to such extent, as it thinks necessary, but shall not enhance such rates except with the prior approval of the Government.

(3) Grants and subsidies shall be paid only to an institution registered under the Societies Registration Act, 1860 (21 of 1860) or similar Act in force in the States or under a Co-operative Societies Act or to a Public Trust.

**28. Power to grant loans.**—(1) The Commission shall grant loans in accordance with the provisions of the Loan Rules for Khadi and Village Industries made by the Government from time to time, and in accordance with and at rates and on terms sanctioned by the Government in respect of each industry from time to time.

(2) The Commission shall not be competent to modify, amend or otherwise vary the provisions of the loan rules.

(3) The Government may, on its own initiative or on the recommendation of the Commission, modify or amend the loan rules. The modification or amendment will have effect from the date it is made by the Government.

**29. Power to borrow.**—The Commission may, with the previous sanction of the Government, borrow on the security of its funds or assets for the purposes specified in section 21 of the Act.

**30. Power to write off losses.**—(1) The Commission may, after prior consultation with the Financial Adviser, write off losses upto Rs. 10,000 falling under any or all of the following categories:—

- (a) loss of irrecoverable value of stores or of public money due to theft, fraud etc.;
- (b) loss of revenue or of irrecoverable advance other than loans; and
- (c) deficiency and depreciation in the value of stores.

(2) The Commission shall take suitable action against the persons responsible for the loss and send a report to the Government on the action taken.

**Exception.**—Nothing contained in this rule shall apply to losses occasioned by irrecoverable loans. Sanction of the Government shall be obtained before such losses are written off.

**31. Custody of Common seal.**—The common seal of the Commission shall remain in the custody of the Chief Executive Officer of the Commission.

## CHAPTER VII

### Statistics, Reports and Returns

**32. Reports.**—The annual report to be submitted by the Commission to the Government under section 24(2) of the Act regarding its activities during the previous financial year, shall contain particulars amongst others, in respect of the following items and shall be in such form as the Government may from time to time direct, namely:—

- (i) budget provision and expenditure;
- (ii) production and sale of Khadi both traditional and Ambar;
- (iii) production and sale of products of the village industries;
- (iv) production of charkhas and other implements;
- (v) employment statistics for each industry;
- (vi) training of personnel.

**33. Monthly Returns.**—The Commission shall submit to the Government and to such authority as it may specify:—

- (a) monthly progress reports in respect of the Ambar Charkha Programme;
- (b) monthly statements of accounts showing the details of disbursements made by the Commission;
- (c) quarterly progress reports on traditional khadi and other village industries specified or deemed to be specified in the Schedule to the Act;
- (d) monthly statements of accounts showing the drawings from the Khadi Fund and the Village Industries Fund.

**34. Power to obtain supplementary report or information.**—Notwithstanding anything contained in rules 32 and 33, the Government may require special reports from the Commission and lay down the manner and the form in which such reports shall be made or may require from the Commission answers to questions upon which the Government may need information. The Government may also require the Commission to furnish a true copy of each or any contract, agreement, understanding or arrangement between the Commission and any other party.

[No. 14(20)/56-KVE.]

**S.R.O. 1007.**—In pursuance of section 4 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956):—

(1) The Central Government hereby fixes the first day of April, 1957, as the date with effect from which the Khadi and Village Industries Commission shall be established.

(2) The said Commission shall consist of the following members appointed by the Central Government, namely:—

1. Shri V. L. Mehta
2. Shri Shriman Narayan
3. Shri R. Srinivasan
4. Shri Pranalal S. Kapadia

(3) The Central Government hereby nominates Shri V. L. Mehta to be the Chairman of the said Commission.

[No. 5(9)/57-KVE(i)].

**S.R.O. 1008.**—In exercise of the powers conferred by Section 10 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956), the Central Government hereby constitutes the Khadi and Village Industries Board consisting of the following members, namely:—

1. Shri V. L. Mehta (**Chairman**).
2. Shri Dhawaja Prasad Sahu
3. Shri Dwarkanath Lele
4. Shri G. Venkatachalapathy
5. Shri Jhaverbhai Patel
6. Shri Raojibhai Patel
7. Shri Satish Chandra Das Gupta
8. Shri Vichitra Narain Sharma
9. Shri V. V. Jerajani
10. Shrimati K. P. Madhavan Nair
11. Shri O. P. Ramaswami Reddiar
12. Shri A. P. Choudhri
13. Shri Shriman Narayan
14. Shri M. Somappa
15. Shri Pranalal S. Kapadia
16. Shri R. Srinivasan

[No. 5(9)/57-KVE(ii)].

A. ZAMAN, Jt. Secy.